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Uruguay: Challenges to Democracy

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An Intelligence Assessment

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Uruguay: Challenges to Democracy

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An Intelligence Assessment

This paper was prepared by [] Office of
African and Latin American Analysis, with a
contribution by [] Office of Central
Reference. It was coordinated with the Directorate of
Operations. []

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Comments and queries are welcome and may be
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**Uruguay:
Challenges to Democracy**

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Key Judgments*Information available
as of 14 November 1985
was used in this report.*

Julio Sanguinetti, who in March 1985 became Uruguay's first civilian President in 12 years, is facing growing challenges as he attempts to govern the smallest of South America's fledgling democracies. Although Sanguinetti initially enjoyed the support and cooperation of opposition party leaders and the military, much of that support is dissipating as economic problems and attendant pressures mount:

- The deteriorating economy—Uruguay registered 3.5-percent negative growth in 1985—is, in our view, Sanguinetti's most serious long-term problem. High inflation and unemployment, coupled with a decline in exports and a foreign debt burden of \$5 billion, have convinced the President to implement unpopular austerity measures recommended by the IMF. The recently signed agreement with the Fund enables Uruguay to reschedule its debt, but its call for belt-tightening also provides organized labor and leftist parties with a cause to rally opposition to the government.
- Labor unrest is Sanguinetti's most critical near-term challenge. Labor is becoming increasingly militant, and violent confrontations with the government are growing in frequency and scope. Sanguinetti's dialogue with labor has so far failed to reduce tensions, and recent government actions indicate that the President has now decided to take tougher steps to control strikes and labor violence.
- Sanguinetti's relations with the political left have also grown more confrontational, and in recent months he has countered obstructive parliamentary maneuvers by the leftist Broad Front coalition and given the police free rein to control leftist-inspired riots and demonstrations. We expect increased agitation by the Broad Front and by Communist-dominated student groups. Another potentially serious development, in our view, is the reappearance on the political scene of the far-left Tupamaro guerrilla movement. Although some Tupamaro factions have pledged to participate in electoral politics, others have stated their intention to resume violence.
- Another concern of Sanguinetti is the recent increase in Cuban activity in Uruguay, according to the US Embassy. The Embassy [] report that Cuba is cultivating ties to labor and leftist leaders, including the Tupamaros. Although Cuban involvement to date has been very low-key so as not to upset recently restored diplomatic

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ties to Uruguay, any signs of growing instability or government ineptitude might spur greater Cuban activity. []

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The military is carefully monitoring the domestic political situation and is worried by the labor unrest and the resurgence of the left. In our view, however, the officer corps' greatest concern is that the President might accede to leftist demands for Argentine-style trials of military personnel accused of human rights abuses under past military governments. []

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[] Sanguinetti, however, has demonstrated a keen awareness of military sensitivities, has generally consulted with the services before taking action on controversial issues, and probably is aware of the limits of the military's tolerance. []

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We believe the Sanguinetti government has a slightly better than even chance of remaining in power over the coming year. The President's more assertive policies have strengthened his political standing; polls show that he remains Uruguay's most popular public figure. Although Sanguinetti will continue to face economic problems, labor unrest, and leftist agitation, we expect that he will be able to hold civilian opposition to manageable levels. Moreover, the President will in all likelihood retain the support of the armed forces—primarily by resisting pressure for widespread human rights trials. []

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We cannot rule out, however, that Sanguinetti will revert to the erratic and indecisive style of his first months in office, thereby emboldening labor and the left to intensify antigovernment agitation. If the economy deteriorated dramatically and the President appeared to lose control of events, factions of the Tupamaros might return to armed struggle. Under such circumstances, hotheads in the military—particularly junior officers of an ultranationalist and vaguely anti-US bent—could attempt a coup. The chances of a successful military intervention, in our view, would increase substantially if Sanguinetti attempted to placate the left by permitting human rights prosecutions of military officers. []

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A strong, stable, civilian government in Montevideo would clearly buttress the US goal of promoting democracy throughout the region. A military takeover, however, could produce a highly volatile regime that, at least initially, might adopt populist anti-US rhetoric and policies. A coup in Uruguay would underscore the vulnerability of Latin America's young democracies. []

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Figure 1



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Erratum

We believe that the chances are roughly 4 in 5 that Sanguinetti will remain in power through 1986.

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Uruguay: Challenges to Democracy

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Introduction

Uruguay's peaceful transition from military to civilian rule in March 1985 led many knowledgeable observers to speculate that the nation had overcome at least some of its traditional political divisiveness. Extremists on both the left and the right fared poorly in the first democratic election in 11 years, and nearly three-quarters of the electorate backed either the moderate Colorado or the center-left Blanco Parties. The minority Colorado government formed by President Julio Sanguinetti tried hard to maintain cooperative relations with key opposition leaders and the military, and the President sought to use the euphoria generated by the departure of the generals to govern consensually.

The honeymoon period, however, has now ended and Uruguay's disparate political and social forces have begun to mobilize and pursue their own particular agendas. Sanguinetti is confronted by a deteriorating economy, widespread labor agitation, a resurgence of the radical left, and military unrest. Moreover, polls show that the Uruguayan populace, while still behind Sanguinetti, is growing impatient with the country's political and economic drift and is looking for strong leadership to supply order and stability. This assessment examines the challenges facing Uruguayan democracy and the prospects for Sanguinetti's government over the next year.

Economic Pressures

Uruguay has experienced a protracted economic slide since the 1950s, a trend aggravated over the past decade by the inflationary spending of successive military regimes and the disincentives they posed for investment. President Sanguinetti inherited a stagnant economy characterized by a large, inefficient public sector, antiquated industrial infrastructure, and an onerous foreign debt. According to the US Embassy, unemployment reached over 12 percent in

The Return to Civilian Rule

In March 1985, 49-year-old Julio Sanguinetti became Uruguay's first democratically elected president after 11 years of military rule. The armed forces, which seized control in 1973 in response to widespread social unrest and urban guerrilla activity, handed power back to the civilians through a negotiated settlement known as the Naval Club Accord. The Accord provided for presidential and congressional elections in November 1984, followed by the convening of a special Constituent Assembly in 1985. Under the agreement, the military was granted limited participation in the civilian government through a newly created National Security Council, designed to serve the executive branch in an advisory capacity.

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Sanguinetti and his centrist Colorado Party won the 1984 election with 41 percent of the vote. The two major opposition parties—the center-left Blancos and the leftist Broad Front—won 35 and 21 percent, respectively. Because seats in the bicameral National Congress are apportioned among parties according to their popular vote totals, the opposition gained control of both the Senate and the House of Deputies.

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In June, Congress voted to postpone the formation of the Constituent Assembly until after the Accord expires in February 1986. The US Embassy reports that civilian political leaders prefer not to convene a Constituent Assembly, but voted for postponement rather than cancellation to avoid antagonizing the military. We believe that constitutional revisions will eventually be carried out through congressional initiative, thereby obviating the need for an Assembly.

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for a country whose annual GDP is only \$5.1 billion. Currently, debt servicing consumes about 40 percent of Uruguay's meager export revenues. Moreover, the debt has created political headaches for the new civilian government. The US Embassy reports that the left has seized upon the debt issue to discredit Sanguinetti's moderate policies and to rally support against the government. Leftist militants have also succeeded in using the general economic downturn to gain influence in the labor movement. []

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After an initial period of vacillation, Sanguinetti has turned to politically controversial belt-tightening measures to manage the economic crisis, such as freezing government expenditures and increasing taxes. The publicly stated goals of the government's economic program include maintaining inflation at an annual rate of 45 percent for 1986, decreasing the public-sector deficit from 9.5 to 5 percent of GDP, and achieving 2-percent growth next year. This policy reflects a shift from Uruguay's past reliance on government spending and easy credit to generate employment at the expense of price stability and economic efficiency. []

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Sanguinetti has demonstrated his commitment to austerity by negotiating an agreement with the IMF that incorporates most of his government's ambitious economic goals. In return, Uruguay will obtain a three-year grace period on capital and a 12-year overall repayment schedule on its debt, and will gain access to new money from creditor banks. By agreeing to IMF conditions, however, Sanguinetti has earned the enmity of the leftists and of labor—who are publicly demanding a debt moratorium. The recessive impact of his austerity measures is also depriving the President of support from some moderate labor and political sectors, according to Embassy reports. Nevertheless, Sanguinetti appears to be increasingly willing to take short-term political gambles for long-term economic payoffs. []

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August—considerably higher than Uruguay's average rate of roughly 9 percent in the previous decade. A tight monetary policy has brought inflation down from an annualized rate of 81 percent in July to 42 percent in September, but inflationary biases within the economy persist since real wages are increasing while productivity falls. Export earnings—predominantly from agricultural products—have decreased considerably since 1984, and prospects for improvement are bleak. []

Adding to Uruguay's economic woes is a foreign debt of nearly \$5 billion. While small compared to the debts of its large neighbors, it is a considerable burden

Labor Unrest

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Although rebuilding the economy is Sanguinetti's principal long-term challenge, we view labor unrest as

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Table 1
Uruguay: Selected Economic
Indicators, 1982-86

	1982	1983	1984	1985	1986 ^a
Real GDP growth (<i>percent</i>)	-9.7	-4.7	-1.8	-3.5	-4.0
Unemployment (<i>percent</i>)	12.7	14.9	14.0	14.0	15.5
Consumer price index (<i>percent</i>)	20.5	51.5	66.1	62.0	60.0
Real wage index (1982=100) ^b	100.0	79.3	72.0	82.1	78.0
Monetary expansion (<i>percent</i>)	19.9	7.7	57.5	43.8	38.0
Public sector deficit (<i>percent of GDP</i>)	18.4	16.3	9.5	8.2	10.0

^a Projected.

^b Wages deflated by consumer price index.

the greatest near-term threat to the government. Since the return to civilian rule, aggressive leftwing union leaders have quickly returned organized labor to its accustomed role at the center of the country's political and economic affairs. Labor strikes and rallies have often been accompanied by violence, have severely disrupted both industrial production and the service sector, and, in our view, have been the main cause of the tense political and social atmosphere that besets Uruguay today. According to the US Embassy, labor leaders called over 200 strikes and organized 223 new unions in the first six months of the Sanguinetti administration. []

The unions have not merely been agitating for wage adjustments; their public statements show that they are attempting to influence all aspects of government policy and are working for fundamental political change. In May, for example, the largest labor confederation in Uruguay, the leftist Inter-Union Worker's Plenum-National Convention of Workers (PIT-CNT), released a 9-point proclamation calling for a moratorium on foreign debt, wholesale agrarian reform, nationalization of the banking system, and increased social welfare expenditures. These demands also reflect, in our view, the far left's firm control over organized labor. In addition, recent union elections have confirmed the Uruguayan Communist Party (PCU) as the dominant force within the PIT-CNT, with other leftist groups playing strong secondary

roles. To date, union members have generally complied with clear-cut leadership decisions, but a recent, disorganized PIT-CNT congress indicates to us that union leaders are becoming increasingly disunified, risking leaving the rank and file without direction. []

Sanguinetti, whose Colorados have no union organization comparable to the PIT-CNT, has tried to defuse tensions by luring the unions into "social contract" talks with the government and opposition parties. The PIT-CNT responded to this initiative with a wave of disruptive strikes, culminating in a blatantly political 24-hour general work stoppage in September. We believe that the public's lukewarm response to the strike in part spurred labor to re-think its strategy of constant confrontation. The PIT-CNT now publicly acknowledges the usefulness of the social contract talks and has agreed to return to the bargaining table. The negotiations, however, have so far proceeded in fits and starts and have not, according to the press, produced any tangible results other than a slight diminution in strike activity. []

Sanguinetti recently has shown signs of a willingness to get tough with labor. According to the US Embassy and press reports, the President, in an effort to maintain credibility with the left, initially shunned

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direct public criticism of organized labor. When labor unrest intensified during July and August, however, the government shifted course and threatened to call a referendum on legislation to regulate strikes and other union activities if labor refused to curb its militancy. The referendum issue became moot, however, when the unions agreed to return to the negotiation table.

If the social contract talks fail, we believe that Sanguinetti will expand his fight against labor.

the Embassy reports that some Colorados are discussing the creation of a Colorado-controlled confederation of public employees, apparently as a counterweight to the leftist unions. Sanguinetti is also budgeting more funds for riot police and will probably renew the threat of punitive labor legislation if strikes and rallies continue to disrupt public order and the government's efforts to reinvigorate the economy.

Other Rumblings on the Left

Although terrorism and the discreditation of the armed forces are absent, the current scene is highly evocative of Uruguay in the early 1970s. For example, the labor unrest that has plagued Sanguinetti since the early days of his presidency is reminiscent of the union activism that occurred prior to—and helped precipitate—the military takeover in 1973. Developments on other fronts are significantly striking to longtime observers of Uruguay. In the political arena, numerous leftist politicians who fled into exile at the time of the military takeover have returned home, while others have been released from prison. Parties that were weakened or banned under military rule are reorganizing and expanding their membership, using their newfound freedom to attack the government. Likewise, university campuses have once again become the political hotbeds they were in the 1960s and early 1970s. The Tupamaros, too, have begun to reemerge and reorganize. This stirring on all fronts, in our view, is distracting the Sanguinetti government, hindering its efforts to grapple with the economic crisis and address labor discontent, and raising serious concerns within the military.

Political Parties

The left is currently exerting its political influence principally through two opposition groupings, the leftist Broad Front coalition and the center-left Blanco Party. The Broad Front is the most militant force on the left and, although it was formed only 14 years ago, is today the third-largest political body in Uruguay, according to the US Embassy.

the Front is a coalition of more than a

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dozen leftist groups, ranging in ideology from democratic socialism to Marxist-Leninism. The Front, in our view, has provided Uruguay's more extreme leftist groups—including the Communists—with political respectability and influence that they would be hard pressed to acquire outside the coalition. The Front's diverse membership has at times resulted in infighting and political paralysis, but the US Embassy reports that it is slowly overcoming these difficulties and is acquiring considerable popular support, especially among labor and student groups. Led by former Army Gen. Liber Seregni, the Broad Front has consistently been the Sanguinetti government's most vocal opponent in Congress. It has openly advocated debt repudiation and has sought to sabotage the government's efforts to discipline the labor unions. [REDACTED]

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An example of the Front's aggressively antigovernment stance—as well as its shortsightedness—was its recent willingness to precipitate a parliamentary crisis by using a minor case of alleged police brutality to censure the Interior Minister. The coalition dropped the censure measure only after Sanguinetti pointed out that its passage would have constitutionally required him to dissolve Congress and hold new elections which, according to polls, would have rebounded to the Colorados' favor. Nevertheless, the Broad Front is continuing its congressional agitation, primarily by attacking the armed forces for human rights abuses committed under military governments. [REDACTED]

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The Broad Front, in our view, will become an even more formidable adversary if its prime competitor, the Blanco Party, cannot maintain its leftist aura. In last year's presidential election, the Blancos—traditionally a centrist party—cultivated a leftist image that alienated many longtime Blanco supporters but won the party new votes. [REDACTED]

[REDACTED] We suspect that the Broad Front hopes to swell its ranks with leftists disenchanted with the Blancos' return to moderation; we note it is mounting a campaign to

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make itself appear as the sole champion of the left.¹

Students

The university community has historically been the sector of Uruguayan society most receptive to leftist ideology. Press reports indicate that the left easily reasserted its control of the campuses in the months following the return to democracy. According to the US Embassy [redacted] the largest student organization at the important National University is once again dominated by militant leftists. The composition of leftist leadership, however, is changing. The US Embassy identifies several Broad Front factions and the Blancos as the parties with the greatest support among students, edging out the Communist Party, which in previous years had the undisputed backing of campus leftist leaders. [redacted]

Although the Communists suffered a setback in student elections in June, winning only 17 percent of the vote and finishing third behind the Broad Front and the Blanco Party, we concur with the US Embassy's view that the extreme left remains a force to be reckoned with in university politics. Just as the Colorados and other moderate forces have failed to build a centrist union to counter the PIT-CNT, so, too, have they been unable to effectively oppose the hardcore left in the universities. [redacted]

[redacted] Students have organized demonstrations against repayment of the foreign debt and in opposition to US policy in Central America, as well as numerous strikes in solidarity with labor. In addition, leftist university groups were well represented at the Moscow Youth Conference held last August, according to the US Embassy. We believe that increasing student militancy will assure continued confrontation

¹ Despite its newly moderate stance, the Blanco Party remains a vehicle for the left. Ferreira's son, Juan Raul, leads an extreme leftist Blanco faction known as the "Popular Nationalist Faction."

[redacted] In the unlikely event that Juan Raul Ferreira were to succeed his father, who is 68, as party president, we believe that his faction would move the Blancos much further to the left. [redacted]

with the government, and may eventually spur Sanguinetti to try to limit university autonomy and crack down on political activities on campus. [redacted]

The Tupamaros

Since March 1985, when the new civilian government restored freedom of association, the National Liberation Movement—known as the Tupamaros—has been actively reorganizing, according to the US Embassy [redacted]. In the 1960s and early 1970s, the Tupamaros were one of South America's most active and publicized far-left urban guerrilla groups. The perceived threat of a Tupamaro takeover helped provoke the military to overthrow the civilian government in 1973. After the coup, nearly all Tupamaro guerrillas were imprisoned or exiled. With the return to democracy, Tupamaro political prisoners profited from a general amnesty, and the group's exiles were allowed to return home. The movement, however, which was once fairly cohesive and disciplined, has now splintered into several factions. [redacted]

Despite his violent past, Raul Sendic, leader of the largest Tupamaro grouping, has publicly pledged that his faction will work within the framework of electoral politics. We suspect that Sendic's rejection of violence is a tactical maneuver and not a sincere commitment to the democratic process. [redacted]

[redacted] Polls indicate that the vast majority of Uruguayan society now repudiates violence, and 26th of March leaders have almost certainly concluded that a return to armed struggle would not win the sizable popular support the Tupamaros enjoyed prior to 1973. Moreover, Sendic [redacted] commands the loyalty of no more than a few hundred followers, and his group appears to lack the weapons and other resources necessary to wage effective urban guerrilla warfare. [redacted]

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groups—such as the Broad Front—offer better opportunities to gain influence in Uruguay, and therefore has avoided committing itself exclusively to the guerrillas. For similar reasons, we believe the Soviet Union has avoided association with the Tupamaros, concentrating instead on strengthening ties to more legitimate political parties. [REDACTED]

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We doubt that the Six Points faction will be able to effect significant terrorism in the near term; individual militants or supporters of other Tupamaro factions could commit isolated terrorist acts at any time. Such small-scale violence would not, in our view, directly threaten the Sanguinetti government at this juncture. If, however, Sanguinetti presides over a sharp intensification of Uruguay's social and economic problems, popular support for "revolutionary change" could increase and one or more Tupamaro factions might revert to full-blown armed struggle, prompting a direct confrontation with the military.

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Military Uneasiness

The military, which until now has generally supported Sanguinetti, is beginning to show displeasure with the political situation. [REDACTED]

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[REDACTED] The US Embassy reports that the military is especially worried by increasingly vocal leftist demands for Argentine-style trials of officers for alleged human rights abuses committed under the military government. [REDACTED]

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At least one Tupamaro faction believes that Sendic is being too cautious, and favors a prompt return to violence. [REDACTED] this group—the Six Points Movement—is loosely controlled by the Communist Party and has ties to Cuba.

Civilian and military courts are now embroiled in a public battle over jurisdiction to hear human rights cases against officers, and the Supreme Court has been charged to rule on the issue. Civilian courts have issued arrest warrants for three officers accused of human rights abuses, [REDACTED]

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[REDACTED] Although Cuba has longstanding ties to the Tupamaros, there is no evidence that Cuba has offered them substantial aid. In our view, Havana probably believes other leftist

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and tackle the country's deeply rooted problems. Our relative optimism regarding Uruguay's near-term prospects is in part based on Sanguinetti's newfound ability to make hard decisions—evidenced by his firming stance against labor unrest; acceptance of austerity measures proposed by the IMF; and willingness to call the left's bluff, as reflected by his threat to dissolve Congress to counter agitation by the Broad Front. []

Another factor that is boosting the President's prospects, in our view, is the Uruguayan public's growing disenchantment with political drift and social and economic disorder. Polls show that a majority of Uruguayans are tired of the endless strikes, marches, and rallies that have disrupted the country since the return to democracy, and are eager for a strong government that will take decisive measures to enforce order. Sanguinetti's standing in the polls has increased in recent months as his government has begun flexing its muscles, and we believe the President can expand and consolidate his popular support by persisting with more aggressive policies. []

Sanguinetti's most pressing task will be to try to turn around the economy. Even if the government complies with IMF guidelines, however, we expect, at best, continued economic stagnation. Although the tight money policies and large budget cuts recommended by the Fund may help put Uruguay on a surer long-term economic footing, they will almost certainly frustrate the government's goal of 2-percent growth for next year. External factors—such as improved world prices for Uruguay's agricultural exports—are also, in our view, unlikely to come to Sanguinetti's aid. Under the circumstances, just maintaining current levels of production would be a substantial achievement. Labor will almost certainly continue to contribute to the country's economic woes through frequent strikes. We believe, however, that Sanguinetti's determination to restrict disruptive union activity will prevent organized labor from mounting a successful campaign to destabilize the government. []

The left, in our view, will continue to exploit labor unrest and the country's general political ferment for partisan ends. We doubt that the political debate will turn violent—the Tupamaros probably will remain

too weak and divided to launch a dramatic comeback. Nevertheless, we expect to see constant sparring between militant students and aggressive Broad Front politicians on the one side, and a President less and less disposed to conciliation on the other. []

In our view, Sanguinetti can count on the support of a relatively united Colorado Party and a large segment of the population in this struggle. Moreover, should leftist agitation threaten to undermine civilian rule, we believe that he could also enlist the backing of Wilson Ferreira and the Blanco Party. The Blancos disagree with many Colorado policies and are not likely to rubberstamp Sanguinetti's legislative initiatives, but Ferreira's desire, according to the US Embassy, to become president when Sanguinetti steps down in 1989 gives his party a stake in the maintenance of a stable democratic system. []

Despite the probable overall increase in political and social unrest, we judge that a military coup is unlikely during 1986. We expect continued cooperation between Sanguinetti and moderate Blanco politicians to try to control provocative leftist behavior and deprive the armed forces of any pretext to seize power. In particular, we believe that the President is aware of the military's visceral opposition to civilian trials of officers accused of human rights violations and will probably find a way to limit such court actions to a few cases of egregious abuses. Moreover, Sanguinetti probably will benefit from strong public support for democracy and the military's political isolation and poor reputation with most Uruguayans—factors that, in our view, will make the generals think twice before mounting a coup. The military, however, will almost certainly retain a role in domestic politics, exerting behind-the-scenes pressure on the President to crack down on the left and control subversion. Sanguinetti may turn to the military to supplement the police for

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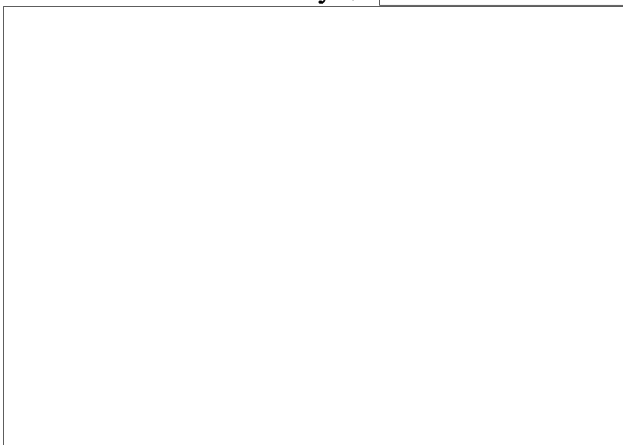
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riot control, strike breaking, or counterterrorist activities, as presidents from his party have done in the past.

The Military Wild Card

There is an outside chance, however, that the military will become a more direct actor in Uruguayan politics. We estimate the odds for a military coup to be about 1 in 5 over the next year.



The greatest danger, in our view, would be reversions to the policies of conciliation and appeasement of the left that characterized Sanguinetti's first months in office. Such slackening of the President's resolve to control the leftist militants would almost certainly lead to increased strike activity and growing Broad Front antimilitary agitation in Congress and in the streets. If the government appeared increasingly ineffective, some Tupamaro factions might return to armed struggle. These developments would severely strain civilian-military relations and might lead to isolated terrorist acts by disgruntled officers or abortive garrison uprisings. We believe that the chances for a successful coup by ultranationalist field-grade officers—or by their superiors in an effort to preempt such a move—would rise rapidly if the Sanguinetti administration, in any effort to placate the left, countenanced widespread civilian trials of military officers for alleged human rights abuses.

Implications for the United States

President Sanguinetti has repeatedly stressed his desire to maintain friendly, cooperative ties with Washington and other Western democracies, and he is clearly aware that the United States believes its interests are best served by a strong, stable civilian government in Montevideo. Uruguay's continued success in navigating between military rule and leftist-inspired revolution will buttress the overall US goal of promoting democracy throughout the region. Complications in relations between the United States and Uruguay at present are limited to the occasional trade dispute.

Despite the left's activism, we see little chance that revolutionary sentiment will spread or that leftist influence will weigh heavily on policies affecting the United States. A direct and serious threat to Washington's interests over the next year could emerge, however, in the unlikely event that the Tupamaros decide to return to violence and target the US presence in Uruguay. Soviet and Cuban activity in Uruguay poses another, but as yet minor, threat to the US interests there. While the influence of Havana and Moscow is small at present, their views are finding fertile ground among leftist groups and could aid in escalating leftist opposition in the future.

A less direct threat to US interests in the coming year would stem from the overthrow of Sanguinetti by rightwing officers disgusted by growing leftist influence. The ensuing ultranationalist military regime presumably would be highly unpredictable and could initially adopt populist, anti-US rhetoric and policies. In the long run, however, we suspect that a new military government's nationalist bluster would subside and Montevideo would look to Washington as an ally. This would be a mixed blessing; it could lead to a warmer relationship, but would also fuel leftist suspicions that the United States had sponsored the coup and, eventually, complicate US relations with any

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Foreign Policy Under Sanguinetti

Since the return to civilian rule, Uruguay has sought to expand its international ties. In addition to maintaining Uruguay's traditionally close and friendly relations with the United States and Western Europe, President Sanguinetti is paying greater attention to improving regional relations—particularly with Argentina and Brazil—while making cautious overtures to Soviet Bloc countries to promote trade. []

The most important foreign policy action undertaken by the new civilian government was the renewal of ties to Cuba after a 21-year hiatus. []

[] *In our view, he probably calculated that recognizing Havana was a simple way to earn political credit with the left.* []

Uruguay, however, continues to reject Cuban views on international issues. In response to the debt crisis, for example, Uruguay chose to help create the Cartagena Group as a more reasonable alternative to Cuban

proposals for debt repudiation. Uruguay has also become a member of the Contadora Support Group—a position that allows it a minor political role in promoting peace in Central America. []

Despite the existence of diplomatic ties to the USSR, contacts with that country remain limited to economic and trade issues. []

[] *Sanguinetti will probably accept some trade offers, but is not likely to welcome closer political ties to the Soviets.* []

Even with the broadening of Uruguay's international ties, we expect the United States to remain the most important actor in Uruguayan foreign policy formulation. Bilateral trade disputes will periodically cause friction in US-Uruguayan relations, but we believe that Uruguay is likely to retain its longstanding role as a US ally. []

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civilian successor regime. Finally, any coup in Uruguay would point up the vulnerability of Latin America's young democracies. Neighboring armed forces—especially in Argentina—would closely watch US and other creditor nations' attitudes toward a Uruguayan military regime. []

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